

News Release

28 September 2016

HSBC EXPANDS GLOBAL TRADE FINANCE INVESTMENT NETWORK

*****Addition of New York trade investment hub provides global coverage*****

*****Trade investment hubs offer investment assets to boost supply of trade finance*****

HSBC announced at the 'Sibos' financial services conference in Geneva today that it has built a multi-hub capability to enable investors such as pension funds, asset managers and insurers to participate in the global financing of cross-border trade.

As part of a USD10 million investment in people and systems, trade 'risk distribution' specialists are now integrated into HSBC's Global Trade and Receivables Finance (GTRF) teams in London, Singapore and New York. Their role is to increase access to trade finance for investors seeking relatively low risk assets that have traditionally been traded between banks, and they can structure investments based on 'single name' trade finance contracts or on packages of contracts involving multiple customers.

GTRF originated more than USD550 billion of documentary trade finance for customers in 2015, helping make HSBC the leading international trade bank.

"The ability we now have to originate and distribute trade receivables simultaneously in Asia, EMEA and the Americas is beneficial to our customers, to investors and to HSBC," said Surath Sengupta, Global Head of Trade Risk Distribution. "For certain non-bank investors it means access to a new asset class that offers better risk-adjusted returns than many other securities. Driven by demand from our customers, it also enables us to take on larger deals than we might otherwise have done, meaning they only need to work with one bank to cover their trade finance needs."

The World Trade Organisation estimates that as much as 90% of global trade is supported by some form of trade finance. Whilst growth in global trade volumes is expected to remain sluggish in the near term, demand for trade finance outstripped supply by USD1.6 trillion last year, according to the Asian Development Bank.

Trade assets are typically short term assets that self-liquidate, covering transactions between exporters and importers. Analysis by the International Chamber of Commerce shows their average default rate to be 0.02%.

Ends/more

This news release is issued by

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Notes to Editors

- Trade risk distribution, whereby a bank invites investors to participate in a transaction, is a way to meet a business's demand for trade credit when it exceeds an individual financial institution's ability meet that demand within their normal risk limits.
- Trade risk distribution typically takes two forms:
 - 1) Primary: where a client asks their bank to lead or participate in a so-called 'club' deal with other banks.
 - 2) Secondary: where the client asks their bank to finance a transaction/facility. Depending on the bank's risk appetite, it will finance the transaction on its own or invite other investors to participate.

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About HSBC in Malaysia

HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group). In 2007, HSBC Bank Malaysia was the first locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, and HSBC Amanah Malaysia Berhad, a full-fledged Islamic bank wholly owned by HSBC Bank Malaysia, commenced operations in August 2008. HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Amanah Malaysia Berhad also has offsite ATMs established in 25 locations nationwide. In 2006, HSBC was the first foreign bank to be awarded a Takaful (Islamic insurance) license in Malaysia. HSBC Amanah Takaful (Malaysia) Sdn Bhd, a joint venture between HSBC Insurance (Asia Pacific) Holdings Limited (49% shareholding), Jerneh Asia Berhad (31% shareholding) and Employees Provident Fund Board of Malaysia (20% shareholding) commenced operations in August 2006.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves around 46 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from over 4,400 offices in 71 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,608bn at 30 June 2016, HSBC is one of the world's largest banking and financial services organisations.